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The Province of Alberta

IN THE MATTER OF THE PUBLIC INQUIRIES ACT

AND IN THE MATTER OF O/C 290/73, AN INQUIRY INTO THE NEW TOWN OF GRANDE CACHE

N. R. CRUMP, Esq., Chief Commissioner

T. H. PATCHING, Esq., Commissioner

DAVID GRAHAM, Esq., Commissioner

W. A. Stevenson, Esq., Commission Counsel

D. O. Sabey, Esq., Q.C., and
J. G. Martland, Esq., For McIntyre Porcupine Mines Ltd.

DATE: June 25, 1973
HELD AT: Edmonton, Alberta.

VOLUME VI
(Pages 674 - 741)

Supreme Court Reporters
EDMONTON, ALBERTA

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I N D E X

VOLUME VI

JUNE 25, 1973

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PROCEEDINGS before The Board of Commissioners at the Law Courts, City of Edmonton, Province of Alberta, commencing at 9:30 a.m., Monday, June 25th, A.D. 1973.

MR. CRUMP: Mr. Stevenson, would you commence, please?

MR. STEVENSON: I will call Mr. Provost.

KEITH PROVOST, sworn, examined by Mr. Stevenson:

Q Would you give the reporter your full name, please?

A Keith Provost.

Q Gentlemen, Mr. Provost appears on behalf of Canadian Utilities Limited and Canadian Utilities Limited for this portion of the hearing are represented by Counsel, Mr. Massie.

Mr. Provost, you are, I take it, employed by Alberta Power Limited?

A Yes, that's correct.

Q And your position is that of Vice-President of Engineering?

A Yes.

Q And I understand that the submission which has been made to this Commission has been made in the name of Canadian Utilities Limited?

A That's correct.

Q And Canadian Utilities Limited is parent company of Alberta Power Limited, is that right?

A Yes, that's correct.

Q And the other subsidiary of Canadian Utilities Limited with which we are concerned, is Northwestern Utilities?

A That is correct.

Q Your position is with Alberta Power Limited?

A Yes.

Q This submission is made on behalf of Canadian Utilities?

A Yes.

Q And is this the submission that Canadian Utilities presented to the Commission?

A Yes, it is.

MR. STEVENSON: We will mark that as an exhibit in these proceedings.

SUBMISSION OF CANADIAN UTILITIES LIMITED MARKED EXHIBIT No. 22.

Q MR. STEVENSON: Mr. Provost, how did Alberta Power come to be involved in the use of coal or coal products from the McIntyre Porcupine Mine at Grande Cache?

A Specifically on the Grande Cache development, we were approached by Mr. Price.

Q Of McIntyre Porcupine?

A Of McIntyre Porcupine. We had some discussions with other parties that were interested in that general area in years prior to that.

Q And you were approached by Mr. Price, is that correct?

A Yes.

Q The company was approached by Mr. Price?

A Yes.

Q With a view to using part of the products of their operation, is that correct?

A Yes. They, the process they had in mind, they had some waste products that were not saleable as coking coal and they were interested in using up or disposing of this coal.

Q This was put to your company as being material that they had to dispose of, is that right?

A Yes.

Q Almost in the nature of scrap or waste?

A Yes, that's my understanding of it.

Q Now, in these discussions or as a result of these discussions, did you make some sort of proposal as to a price that could be paid for this product?

A Not immediately. We did, however, undertake, over a fairly long period of time, a year, 18 months or so, carry out a number of studies to determine what price we could afford to pay for it as opposed to putting in a plant at some other location.

Q When were you approached, can you tell us, approximately?

A The nearest note that I could find on it was in early 1966.

Q Now, was Alberta Power Limited then considering some additional power plant capacity in the province?

A Yes, we were. Our load was expanding fairly rapidly and we were then studying several possibilities for adding additional generating capability. The most likely one was at

A (Cont'd.) our Battle River site south of Forestburg.

Q Which was an existing plant?

A Yes, it had existing units in it.

Q Perhaps I could ask you what areas Alberta Power serves, generally?

A Well, we serve in the, what you would call the east central part of the province - an area generally bounded by, oh, Stettler, Three Hills, Drumheller, Empress area - that's one of the areas. The Lloydminster, Vegreville, Bonnyville areas and then the northern part of the province; I guess you could generally describe it as north of the Athabasca River.

Q Now, were you able, after these studies, to arrive at some economic price that could be paid for the product that McIntyre was interested in selling?

A Yes, we did.

Q Now, what was it that they were going to sell to you or offered to sell to you?

A The product that they had in mind was, it was generally referred to as a middlings product. I think we probably coined the term, I'm not sure but it was a product - I guess the term "middlings" comes from a quality of coal that was somewhere between their saleable product and what they refer to as the tailings which was, the product that we were to get was still fairly high in ash content as compared to their saleable product and not quite as high in ash content as the tailings.

Q What ash content was it indicated that it would contain?

A About 33% I think is the figure.

Q And did you then come up with a price to McIntyre?

A Yes, we did.

Q And did they accept that price?

A Yes, after a great deal of discussion they did.

Q Now, I take it Mr. Provost, that in making this calculation and in determining this price, one of the factors you had to consider was the cost of the plant at that location?

A Yes. Not only the cost of the plant at the location but the cost of the plant to handle that particular coal.

Q This required special engineering?

A It required a specially designed furnace and of course it required larger than normal ash handling system due to the large ash content. The ash handling system was something like three times the size you would expect for a normal coal plant.

Q Now, did you also have to consider the cost of the transmission lines out or was this close to the area you were interested in serving?

A The cost of the transmission lines did enter into it although there were also costs of transmission related to the other alternatives we had but they did enter into the studies.

Q Was there any discussion with McIntyre Porcupine or the Provincial Government about the provincial coal royalty on the product that you were to use?

A Not to my knowledge. We dealt basically with the price that

A (Cont'd.) we could afford to pay in relation to the other possibilities.

Q The other possibilities were alternative plans?

A Alternative plans, yes.

Q Not at that location?

A Not at that location, correct.

Q And you ultimately did enter into a contract with McIntyre Porcupine?

A Yes, we did.

Q What was the date of that contract?

A May I check my - May 28th, 1969.

Q And was the contract of May 28th, 1969 executed before any construction was started?

A To my knowledge there hadn't been any actual construction started.

Q Presumably there had been some studies undertaken by that time?

A Yes.

Q And did you know to what extent if any the necessity for a long term export contract entered into your negotiations with McIntyre Porcupine?

A Well, we were very concerned about the long term supply and as I recall, the whole contract was contingent on the signing of the long term contract with the Japanese interests.

Q And was it your understanding that that contract had been signed by May 28th, 1969?

A Yes.

Q I take it that the contract that you signed which you have provided a copy of to me, requires McIntyre Porcupine to supply your needs for 15 years and at your option for another 15 years, is that correct?

A That's correct.

Q And I assume the plant would be amortized over a 30 year life?

A Yes.

Q And for the first 15 years --

A -- excuse me, I think it's actually 33 years we used.

Q And for the first 15 years, the price was fixed in accordance with the B.T.U. rating of the product that you used?

A Yes, generally, it was related to the quantity of coal taken in that period as well, I believe.

Q And can you tell me with the experience that you have now had, what price per ton you're paying for the product?

A The price is quoted in a sense, per million B.T.U. - it's one and a half cents per million B.T.U.

Q Yes?

A And I haven't worked it out myself but I understand that that's about 30 cents a ton.

Q That is for the first eight trillion, five hundred and fifty billion B.T.U.'s in any calendar year, it's one and a half cents per million B.T.U.'s and for the excess, two cents per million B.T.U.'s?

A That's correct.

Q And your experience with the product thus far and your testing that has been done so far would indicate it works out somewhere in the area of thirty cents a ton?

A Yes.

Q I understand that this product is delivered to your conveyor belt at the power plant site; is that correct?

A That's right.

Q And the ash reverts to McIntyre Porcupine?

A Yes.

Q And they dispose of it?

A That's correct.

Q And what is Alberta Power Limited's cost of the plant and its related transmission facilities?

A The total cost of the power plant and the two transmission lines is about 42 million dollars.

Q That 42 million dollar power plant supplies McIntyre Porcupine Mines with power?

A Yes.

Q The Town?

A Yes.

Q And it goes into the regular service through the grid system; is that correct?

A Yes, it does.

Q And that plant's cost, its financing and its operation will be included in the rate base for consumers?

A Yes, that's correct.

Q So that the Alberta consumers have a 42 million dollars investment in that power plant?

A Yes.

Q Tell me this, was the supply of power to McIntyre Porcupine an integral part of these negotiations?

A I would say they were separate. The power supply contract or negotiations actually started or preceded the coal supply negotiations. They were more or less independent although they were carried on by some of the same people and over part of the same period of time.

Q That is you would have been prepared to enter into an electrical service contract without the plant arrangement?

A Yes.

Q It would not have been much sense to erect a plant without the power provision?

A The power plant is a size that is important to our total system. The load at the McIntyre plant itself was relatively small, something in the order of 10 megawatts compared to 150 megawatts for the total plant, so I'm not sure that I would imply we would not have gone ahead with the power plant if we had not had the power supply contract.

Q So McIntyre Porcupine's consumption is something less than ten fifteenths of the plant's output or in that area?

A Yes, it's a very important load to us but small compared to the plant.

Q What about the Town supply?

A Well, it's smaller still. I think it's in the order of 2,000 kilowatts.

Q Compared to what?

A McIntyre is about 10,000 kilowatts.

Q When I said ten fifteenths, it should be one fifteenth.

A Yes, one fifteenth.

Q I take it this plant supplies the other parts of the Province as a base load plant?

A It was the intention - to supply as a base load plant.

Q Would you explain to us what a base load plant is that you referred to in your submission?

A We generally consider a base load plant one that runs continuously except for annual maintenance and a virtually one hundred percent load. You never actually accomplish that but a capacity factor of about eighty percent would be considered, in that neighbourhood would be considered a base load plant.

Q When you gave your projection in your submission as to the number of tons of coal that would be required, which is an estimate, at page 4 of the submission, was that based on the plant functioning at somewhere near capacity?

A Yes, it was.

Q And you indicated that in 1973 that would require 380,000 long tons, and then 538,000 for '74/75, and then a drop in 1976; is that because another plant is coming on?

A Yes.

Q And then back up again in 1977?

A That's right.

Q You are looking then at the requirements in the order of half a million tons a year?

A Yes.

Q You indicated in your brief that there was some engineering difficulties. This was a comparatively new concept to carry

Q (continued) out this type of operation. Has the plant functioned satisfactorily from the engineering point of view?

A I would say it has measured up to the expected performance.

Q You indicated it is not operating at capacity. Is it because the demand is not up to capacity yet?

A No, because we have not got enough coal to run at full capacity over a long period of time.

Q Does it occasionally run at full capacity?

A We have had it up to full capacity, yes.

Q It is capable of running at what you call full capacity?

A Yes.

Q Now, if McIntyre Porcupine for some reason or other were not able to operate in sufficient volume to meet your requirements, what alternatives would be open to Alberta Power?

A I guess there are probably two or three possibilities. We are still hopeful we could get coal from the operations there, whether or not the McIntypre Porcupine plant operates. There's a possibility of hauling coal in to the area from other mining operations, or we could convert the boilers to burn gas and increase the gas heaters.

Q This would require fairly extensive alterations, I would assume?

A Yes, in virtually all cases it would require fairly extensive alterations and additional equipment.

Q Again at a cost that would be incorporated into the rate base or reflected in the rates?

A Yes, that's correct.

Q The prospect of obtaining coal in that area at the moment at least is essentially dependent on McIntyre's operation providing middlings in this capacity and this quality required under the contract?

A Yes, that is essentially right.

Q There was never any intention that you would engage in the mining operation?

A No, indeed there was not.

Q Is there a Northwestern Utilities supply line into the plant?

A Yes, there is. We are burning some gas now as a supplementary fuel to start up and to maintain combustion.

Q How many employees does Alberta Power Limited have at Grande Cache?

A About forty-five at the present time.

Q And are they permanent residents of the Town?

A Yes, they are.

Q Did Alberta Power Limited acquire their accommodation?

A Yes. I don't know whether we did for each and every one of them, but we did acquire a number of houses for them.

Q Is some of the housing owned by Alberta Power?

A Yes.

Q That would also be a cost to your operation?

A Yes, it is.

Q Now, you told me a moment ago that Northwestern Utilities Limited has a pipeline into that area; that is correct, isn't it?

A Yes, it is.

Q That pipeline serves the Town, the mine and yourself; is that correct?

A That's correct.

Q Can you tell me the approximate percentages which each of those parties require?

A Yes. My understanding is that our plant takes about 25 percent - during 1972 it took about 25 percent of the total gas required in the area; the McIntyre operation is just under 60 percent and the Town 15 percent.

Q Was the construction of the pipeline contingent upon the mine's using substantial quantities of gas?

A My understanding is that it was contingent on that, yes.

Q The load required for you or the Town would not of itself justify the lines?

A No, certainly not at competitive rates.

Q What was the cost of the Northwestern Utilities transmission line like?

A About six million dollars.

1-SS-1
Keith Provost - Stevenson Ex.

Q And I take it that Northwestern Utilities does not in fact supply the town directly, but it supplies Plains Western Gas and Electric who have the franchise for the town?

A That is correct.

Q So that Northwestern Utilities' investment doesn't include any investment in the town's system?

A Not in the system itself, it includes a pipeline from the McIntyre location to the town.

Q And the price you have given me of $6,000,000.00 approximately represents Northwestern Utilities' services and not Plain Western's services?

A Yes.

Q And again if the consumption by McIntyre Porcupine were to decrease or the consumption by Alberta Power were to decrease, this would undoubtedly result in increased cost being passed on to some of the consumers at some point?

A Yes. Are you referring to the consumers in there?

Q Well, it might not be the consumers in there.

A No, I would think that it would have to be determined but you are correct, it would be passed on to other consumers.

Q It would be whatever allocation the Board makes, the Board of Public Utilities?

A I would think so, yes.

Q I take it that the town's demand alone certainly wouldn't have been sufficient to justify bringing in that line?

A No.

Q And if the mine were to cut down or stop production, what

Q (Cont.) effect would it have on Northwestern's position?

A I am not, I don't know that I can answer that explicitly, I would think that it would have some effect but not a disastrous effect.

Q But all I am saying is that it would result in an increased cost to them?

A Yes, it would.

Q Is the operation of that power plant, the Alberta Power Plant, important to the operations of the provincial grid system?

A Yes, it is, and it is even more important to the reliability of the supply to the northwestern part of the province in particular, but it is an integral part of the generation for the provincial grid.

Q Is the northwestern part of the province in some respects dependent upon the operation of that plant now?

A Yes, it is. Not ... we try to always have an alternate source so that even with the plant off, no customers would be out of power but if we had, as I say, the plant was off when one of the transmission lines tripped out, then there would be power outages to the area.

Q And when you say the northwest area, what communities, what centres in particular?

A Well, the main communities would be Grande Prairie, Peace River, Manning, High Prairie, Slave Lake, that general area.

Q Does this plant contribute to the support of Proctor & Gamble's operation?

A No, not directly, only as a, well, the system is standing by

A (Cont.) to the Proctor & Gamble installation.

Q And what is the nearest major source of generation that you have, what is the alternative source of generation?

A For the northwest area?

Q Yes?

A It would be our Rainbow plant is the major one.

Q What capacity is it approximately?

A It is approximately 50 megawatts.

Q About a third of the size of this one?

A Yes. There are two other plants in the area as well.

Q Was there any contract with any department of the Provincial Government with respect to the negotiation of the contract for the purchase of middlings from McIntyre Porcupine?

A Not to my knowledge, by us anyway.

Q Not by Alberta Power?

A Not by Alberta Power.

Q Now I take it that under your contract McIntyre is required to supply all of your needs for the first 15 years?

A Yes.

Q And at your option, for the next 15 years?

A Yes.

Q And the price is the one that I gave to you except that during the renewed term, there is an arbitration provision to fix the price?

A Yes, that is correct.

Q But in no event will the price exceed what you are paying at your Battle River plant for coal less 8.7¢ per million B.T.U.'s?

A Yes, that is right.

Q The Battle River plant is supplied by a strip mining operation, is that correct?

A Yes, two separate mining operations in the area.

Q But we can't compare the qualities of the coal fairly easily?

A No, I guess you could compare them, B.T.U. content they are comparable, but in ash content they are not.

Q And when you were negotiating this price in the first place, a part of your consideration was the cost of putting the plant at Grande Cache, which is undoubtedly an expensive place to build, and the type of product that you were going to have to deal with, is that correct?

A Yes.

Q And if there were a significant increase in the price that you paid for the middlings, this would simply be reflected in the consumer price?

A Yes.

Q Would the plant be economical to run at three times that cost for coal?

A Yes, it would, not that it is built it would be economical to run it. It may not run at the same load factor but ...

MR. STEVENSON: Those are all the questions I have, perhaps Mr. Massie?

MR. CRUMP: Mr. Sabey, have you any questions?

MR. SABEY: I only have one or two, Mr.

MR. SABEY: (Cont.) Chairman.

MR. SABEY EXAMINES THE WITNESS:

Q Mr. Provost, do you suggest - do you mean to suggest that the Town of Grande Cache would have been without gas if the plant were not a gas user? That is the McIntyre Porcupine plant?

A I think all I could suggest is that it probably wouldn't have had gas from that, or at least natural gas from a pipeline.

Q From that particular pipeline?

A From that particular pipeline. I think the proposal was to use a local propane air mix to supply them initially at least.

Q But certainly sir, there is no town of that size in Alberta that is presently without gas?

A Not to my knowledge.

Q Yes. Sir, you mentioned the provincial grid in the electrical energy, supply of electrical energy, pardon me. That provincial grid has a complete alternate source of supply of electrical energy throughout, does it not?

A I am not sure what you mean by ---

Q --- Well sir, that is the purpose of the grid, isn't it, so that all users will have an assurance of the supply of electrical energy if there is an outage from any primary source?

A From any one primary source, yes, that is correct.

Q I don't mean to suggest the whole grid couldn't be put out sir, but that is the purpose, is to ---

A --- No, I was really questioning whether you, what percentage of standby you were referring to.

Q Quite. Are there any generating plants, to your knowledge sir, that are not an integral part of the provincial grid?

A Any plants in Alberta?

Q Yes, in your system?

A Yes, we have a plant, we have a number of small plants.

Q I see.

A And a relatively large plant at Ft. McMurray that is not a part of the grid.

Q And the small plant that you are talking about, such as Drumheller?

A No, even smaller than that, isolated communities like Wabasca.

Q You're talking about something under 10 megawatts?

A Oh yes.

MR. SABEY: Thank you very much.

MR. CRUMP: Does counsel for the company have any questions?

MR. MASSIE EXAMINES THE WITNESS:

Q Mr. Provost, I don't know if it has been made clear, but if your company were unable to obtain this cheap coal and needed to go to the alternate sources that you mentioned, that is more expensive coal or gas, would that change the role of the Grande Cache plant?

A Yes, it could very well change the role from that of a base load plant to one of a peaking plant.

Q That is it would only be used when the system demand required it at peak periods?

A Yes, that is correct.

1-SS-7
Keith Provost - Massie Ex.
- Stevenson Ex.

Q And is traditionally peak load power more expensive than base load power?

A Yes, on a unit basis it could be quite a bit more.

MR. MASSIE: I see.

MR. CRUMP: Would you have any re-examination, Mr. Stevenson?

MR. STEVENSON: One point.

MR. STEVENSON EXAMINES THE WITNESS:

Q Did I understand you to say that some consideration had been given to supplying the town by gas from some means other than by a transmission line in?

A That is my understanding and I can't claim to be well informed on that subject.

Q But the indications, as far as you were concerned, were that you would have to have a greater load than the town to justify bringing in the line?

A That was my understanding, yes.

Q And McIntyre determined or decided at some point to use gas in its drying operation, is that correct?

A Yes.

Q And was that something that was discussed with Northwestern Utilities or Alberta Power, that proposal to increase the gas requirements, do you know how that came about?

A I am not familiar with the specific negotiations, they did discuss it.

Q The alternative was to use coal?

A For drying, yes, that is my understanding.

MR. STEVENSON: Those are all the questions I have.

MR. CRUMP: Mr. Patching, do you have any questions?

MR. PATCHING: Yes, I have a few.

MR. PATCHING EXAMINES THE WITNESS:

Q Can the figure of $42,000,000.00 for the cost of the plant, do you include the cost of the housing in Grande Cache?

A My understanding that it is in that, is in that figure sir.

Q That would be in the order of $1,000,000.00 or a million and a half perhaps?

A I don't have a figure in mind on that, sir.

Q Does it include the $6,000,000.00 for the gas transmission line?

A It does not include that.

Q And does it include the cost of the transmission line for the electric power that brings power in or out of Grande Cache?

A Yes, it does. There are two lines, a total of some 152 miles and it does include the cost of those two lines.

Q And I believe you said that the plant is not operating at full capacity because of insufficient coal?

A Yes.

Q What size of stockpile do you think is necessary for the operation of this plant?

A Well, when you say necessary sir, I am a little puzzled, perhaps I could answer it by giving you some of the quantities

A (Cont.) that the plant would use in a month at full load, would that answer your question or ...

Q Partly. I was wondering at what point you would start staying awake at night?

A There have been a few sleepless nights already. Early in the negotiations we anticipated that there would be something like a year's supply of coal in the stockpile before the plant even went on stream, which would be in the order of a half a million tons. Now that was never a specific part of any agreement, but the, that was the sort of thing that we had in mind.

Q And how close had this been attained? How much is in stock-pile now?

A I think there is some debate about that specifically but our estimate was that at the end of May there was something like one hundred thirty to one hundred forty thousand tons.

Q That would be perhaps four month's consumption then?

A More like two months if the plant ran full out; it would be about two month's supply.

Q At 380,000 tons a year, this would average 32,000 tons a month, would it not, so one hundred twenty to one hundred forty thousand tons would be in the order of four month's, if this was average consumption, is that right?

A I don't question your arithmetic. The plant doesn't run continuously the year 'round. It would be shut down completely for at least one month.

Q Well, at any rate you're operating with less than half a year's fuel at the site?

A Yes.

Q How long would it take to convert to another type of fuel if it were essential?

A My understanding is that it would take something in the order of eight months to make the conversion to gas.

MR. PATCHING: I think those are all my questions. Thank you.

MR. CRUMP: Mr. Graham, do you have any questions?

2-MTH-2
Keith Provost - Crump Ex.
Dr. V. A. Wood - Stevenson Ex.

MR. GRAHAM: No.

MR. CRUMP EXAMINES THE WITNESS:

Q Mr. Provost, I have only one or two. First, you mentioned in several places the construction of the transmission line. For my own curiosity, what voltage do you transmit power on those lines?

A Normally one hundred forty-four thousand volts.

Q Now, on Page 3 of your brief, you mentioned that Alberta Power had constructed some one hundred fifty two miles of high voltage transmission lines into the area and on Page 5, that the power plant is designed as a large base load plant and then on Page 7, the investment of Alberta Power in the H. R. Milner station and its related transmission facilities, is over $42,000,000.00. Can you break up for me roughly, the cost of the related transmission facility?

A It would, just giving you a very approximate figure, in the order of $2,000,000.00.

Q Approximately is all-I wish to get a better idea of the cost of the power plant itself - about $2,000,000.00 you would say?

A Yes.

MR. CRUMP: Thank you, Mr. Provost. I have no further questions. You may stand down.

(The witness retires.)

MR. STEVENSON: Thank you, Mr. Massie.

Dr. Wood.

DR. V. A. WOOD, sworn, examined by Mr. Stevenson:

Q Dr. Wood, you are the Deputy Minister of Lands and Forests, is

Q (Cont'd.) that correct?

A That is correct.

Q How long have you held that position?

A Approximately seven years.

Q And how long have you been with the Department?

A Oh, 32 years.

MR. CRUMP: Mr. Stevenson, may I interrupt here for a moment? It would help the Commissioners and I'm sure it would help the Reporters if everyone would speak a little more loudly.

Q MR. STEVENSON: Yes. Now, Dr. Wood, can you tell me what capital investments the province has put into the Grande Cache area through your department since the announcement or the planning of the opening for the McIntyre Mines went underway?

A Well, we put in a ranger station and office and associated buildings for $92,000.00.

Q Yes. Now, if we stop there for a moment. Where is that facility located?

A That's in the Town of Grande Cache.

Q And would that facility have been necessary without the development in the area?

A No, not entirely, no.

Q Please go ahead? What else is the Department's investment?

A We put a fire guard around the town which cost $31,000.00. We transferred three full-time Alberta forest employees from

A (Cont'd.) Muskeg, where we did have a ranger station before. These were transferred to the town, and in addition we had two more employees acquired when we transferred to the town. The annual payroll of the five is approximately $42,000.00. In addition, the fish and wildlife people have a full-time officer and a part-time office staff with an annual payroll of approximately $14,000.00.

Q Now, the fire guard was necessitated by the development of the town?

A Yes, this is right.

Q And the cost was $31,000.00?

A Yes, that is correct.

Q And that was entirely borne by the Provincial Treasury?

A Yes.

Q And had there been some negotiations to have it borne by the town?

A May I ask --

MR. STEVENSON: Off the record.

(Discussion, held off the record.)

A No, I don't think so. I do recall it was borne by the, agreed to be borne by our department and I don't recall that there was any negotiations for the town to pay that charge.

Q MR. STEVENSON: Has this service been provided to other communities?

A No.

Q So this is unique here?

A Yes.

Q And the transfer of employees: you now have five and three were employed before the development?

A That's right.

Q And were the two additional ones necessitated by the development in the community?

A Yes, that's correct and for the forest service.

Q What about the fish and wildlife, the additional people for them?

A Those were two additional which we did not have there before. We did not have fish and wildlife officers there before.

Q And was that necessitated because of the development of the area?

A Yes, the development in the area and increase in population in the area.

Q Well, I understand that you also developed a subdivision at Suza Creek, is that correct?

A Yes, this is correct. This was developed at Suza Creek because a railroad doesn't go into the town and we were requested to develop a subdivision at Suza Creek which would provide trackage and storage for those uses which could not be accommodated within the Town of Grande Cache. The Suza Creek site is located on the part southwest Section 16, Township 57, Range 7, West of the 6th Meridian. This was developed at a total cost of $95,300.00 which includes access road of $10,000.00, industrial lots, that is the grading and

A (Cont'd.) filling $18,000.00, the railway subgrade of $42,000.00, trackage $25,300.00.

Q I gather that of this cost, your department paid $28,000.00 and the balance was paid by the Alberta Resources Railway?

A That's correct.

Q And you then had certain industrial sites in that area still in inventory?

A Yes, that's right.

Q And those are, that investment, your department's investment is potentially recoverable?

A That's correct.

Q Those lots, would they be offered for sale or rented, is that the idea?

A They are rented and I think that they are sold, too - strictly lease, strictly rent.

Q Are they leased now?

A Some of them are. He says there is only one under lease presently and one under application.

Q I take it, Dr. Wood, that the continuing costs of the Department outside of interest or capital costs, are the salaries of $56,000.00 per annum plus the maintenance of your building facilities?

A That's correct.

Q And of that figure, fourteen thousand and roughly two-fifths of forty-two thousand results from the development?

A That would be right.

Q Now, your department is also responsible I take it, for the administration of timber operations in Crown lands?

A Yes, this is right.

Q And I take it that Grande Cache is centered in large holdings of Crown lands administered by your department?

A Yes, yes, that's correct.

Q Is there an area immediately around Grande Cache that is not presently subject to long term lease license or permit?

A Yes. There's a fairly large area around Grande Cache that was originally in the reserve area of the Northwest Pulp and Power Company and this presently, the reservation is presently not in effect and this area has not been allocated for timber and at the present time it's under study to determine how best to allocate the timber.

Q In rough terms, and this won't be precise, I take it that large portions of the timber to the south of the Grande Cache area are pretty well in the hands of Northwest Pulp and Paper for their Hinton operation?

A Yes. They have a large --

Q And the northerly portion would be in the control of Proctor & Gamble, is that correct?

A Yes, that's right, north of Grande Cache would be Proctor Gamble, that's right.

Q So there is an area which is presently in reserve status?

A That's right.

Q How large an area is it, approximately, do you know?

A Approximately two thousand square miles and it's mostly east.

Q And you're now studying the potential for the exploitation and development of that area, is that correct?

A Yes. Presently, we actually hired a consultant to assist us and to determine what would be the best way to allocate this area for timber production.

Q Would that be roughly what the consultant's terms of reference are?

A Yes, that would be it roughly.

Q And the consultant has not yet reported?

A No.

Q There is a potential for some development of this resource?

A Yes, that's correct.

Q And I take it that it wouldn't be in large scale lumber operations?

A Well, it could be in large scale lumber or it could be pulp. There is many different combinations which could take place, that is like plywood, lumber or like stud mill --

Q Or?

A Or pulp, or for pulp purposes.

Q I take it that if it were used for pulp purposes, it's not likely that the pulp operation would be centered in the Grande Cache area?

A No, I think that's correct.

Q There is timber in a quantity and quality which would support a specialized type of operation?

A Yes, that's right.

Q Such as a stud mill?

A Yes.

Q And of the various alternatives that are open, such as a stud mill, could some of those be sited or located in such a way as to use Grande Cache at least as a dormitory town?

A This is possible, yes.

Q I take it that the bulk of the forest and land that we're concerned about, lies east of the town?

A Yes, this is mostly correct.

Q There is at present one small operation in the area of which we have heard some evidence, that is the Kakwaa logging operation, is that correct?

A Yes, this is correct although the actual timber license was issued to McIntyre Porcupine and they more or less got the Kakwaa logging to develop it for them.

Q Was there some special reason for issuing it to McIntyre Porcupine?

A Yes, they wanted to use it for mine props. That was the main reason as I understand it.

Q And was this a short term or special permission that was granted to them?

A The license was issued for three years.

Q And those three years have expired?

A Yes, that's right.

Q And that license didn't initially envisage anything other

Q (Cont'd.) than the supply of mine props to McIntyre Porcupine, is that right?

A Well, it wasn't issued with that stipulation they had to be mine props. In fact they have been using it for other lumber, for other lumber material.

Q That's the only commercial operation in the area that you're aware of?

A Yes, that is the only lumber in the immediate area, only lumber operation in the immediate area.

Q Could an expansion of that kind of an operation be situated in the Grande Cache area?

A Well, there could be. This would be a relatively small operation. It could be located, I suppose. There could be a small operation located in the Grande Cache area.

Q This is part of the thing your consultants are studying?

A This would be part of the study.

Q I take it that your Department also has jurisdiction over the surface which is held by the McIntyre Porcupine company in its mine leases, in its coal leases; is that correct?

A Yes, this is right.

Q And you also have originally held the land which is the townsite?

A That's correct.

Q And the townsite was sold to the new Town?

A This is right.

Q An area of a thousand and some acres at $34.00 per acre?

A That's correct.

Q And that the McIntyre mine site is leased to the company?

A Yes.

Q By your Department?

A Yes. The area where they mine, yes, that's correct.

Q And where the plant is operating?

A The plant is operating also under a lease, what we call a mineral surface lease.

Q What are the terms of that lease?

A Twenty-five years.

Q How much area is comprised in that, do you know?

A Well, it varies quite considerably. As you know, they have opened up two or three mine sites. They have applied for other mine sites, like the number 9 mine, an extension of the number 8 mine. Most of these have been authorized by what we call a letter of authority, which is preliminary to a mineral surface lease, and the actual area that they would hold now under this in total would be close to one thousand acres.

Q And has the rental for that area been determined?

A Yes, the rental is $20.00 per acres for the mining area. Then in addition we have $25.00 an acre for the area which is actively mined. In other words they usually cover an area that is actually being mined. And then in addition to that we asked for a deposit for reclamation work which is required in addition to that.

Q Do I understand you to say that the portion of land that is rented by the Crown to McIntyre Porcupine is at a varying rate, part at $25.00 per acre and part at $20.00 per acre?

A As I understand it, the mining area is $20.00 an acre. Then in addition for surface damage for the actual area which they mine, it's another 25, which makes a total of $45.00 per acre for the actual area that they mine.

Q When you talk about actual mining, it's the part that's actually open?

A Yes.

Q So if we are talking about an underground mine, we are only talking about the entry area?

A I presume that's right.

Q Is that correct?

A That's correct.

Q And for a pit mine or strip mine, we are talking about the entire area?

A That they actually moved the surface from.

Q It's $45.00 per acre for those actively mined areas?

A Yes.

MR. CRUMP: Is that per year?

A Yes. I might state here this is still under negotiations. This is still what is proposed while they are actually operating. We have deposits, but they have not actually received leases, and this is still under negotiations.

Q MR. STEVENSON: Has the rent been charged at that rate up till nor or will it be charged once the agreement has been reached to cover that previous period?

A It will be charged to cover the whole period, that's correct.

Q Can we tell approximately how much of it is at the $45.00 rate?

A I don't really know. It varies from year to year, depending on how much they open up the mine.

Q Do we know last year approximately how much was under the $45.00 figure?

A About hundred and forty acres.

Q And the balance would be at what rate?

A At the $20.00.

Q Do I understand that the two rates are $45.00 and $5.00 or $45.00 and $20.00?

A Would you mind restating that?

Q We are talking about two rates.

A It's $45.00 for the area actually mined, that's for the total; and $20.00 - do you mind if I ask for clarification?

MR. CRUMP: Go ahead.

A If I may, I had better correct that a little bit. It's $5.00 per area for the total area, which is per annum; it is $20.00 per acre for the area mined, and then there is a surface damage of $25.00 per acre, and that's a one shot charge in other words.

Q And that's for areas that's actually disturbed?

A That's right.

Q And in addition to this do you require reclamation of the surface area?

A Yes, this is correct.

Q And your Department is responsible to see that the surface is reclaimed?

A Well, at the present time our Department is the one that has the surface. They are also subject to the Department of Environment regulations, and there is a new land surface -

Q Reclamation?

A Yes, which is now in effect.

Q Land surface reclamation?

A Yes, the Land Surface Conservation Act, that's the term.

Q And they have to comply with its requirements?

A That's right.

Q But in order to insure that those requirements are carried out your Department takes or proposes taking certain security

Q (continued) deposits; is that correct?

A That's correct.

Q How are those calculated?

A At the present time the Department has a letter of commitment from a Bank for $69,000.00, which has been supplied to us by McIntyre Porcupine, as well as bonds with a face value of $43,000.00.

Q And that's security deposit?

A Yes.

Q In respect of the areas that are actively mined?

A This is correct. And in addition to this for the number 9 mine there is an initial security deposit of 25,000 being proposed and an additional amount of 25 cents per ton of coal mined is proposed to be collected. This amount of course would be subject to refund once reclamation has been completed in a matter acceptable to the Government.

Q That would be your own Department's requirements, Dr. Wood?

A These are requirements we work in conjunction with the Department of Environment, and some of these requirements would certainly come under their regulations.

Q So that the 25 cents per ton and the additional twenty-five thousand dollars is a security deposit for reclamation?

A That's correct.

Q And whatever Government requirements or reclamation may be imposed from time to time are the ones that must be carried out?

A That's right.

Q Those are not now spelled out specifically?

A No, not entirely.

Q Then of course the site of number 9 mine itself will be subject to the rental rates that you have already described to us?

A Yes, this would be right.

Q Plus this one time payment that you have mentioned?

A That's correct.

Q What about, for example, the timber rights that were held by McIntyre; are those on an annual rental basis as well?

A You mean this license for cutting the timber?

Q Yes.

A They pay on so much per thousand of timber harvested. This varies from year to year, based on the regular timber rate, which is tied to themarket price of timber or lumber.

Q Is that true for other holdings in the area?

A Yes, the same basis for other holdings.

Q Would it be true for any new license in the area east of Grande Cache?

A That's correct.

Q That is established by regulation?

A This is established each year by - it is by a formula which is established by regulation.

Q Now, I take it that the Wilmore Wilderness Park is also within the jurisdiction of your Department; is that correct?

A Yes, this is correct.

Q All Provincial Parks in fact come under your jurisdiction?

A Yes.

Q And at the moment Wilmore Park is established by an Act of

Q (continued) Legislature as a wilderness area?

A Yes, as a wilderness park, that's correct.

Q What is the Government's policy with respect to mineral development in the Park itself?

A Well, at the present time the Government is not permitting mineral development within the park.

Q There are some mineral interests held within the Park?

A This is right.

Q Including some coal leases with McIntyre Porcupine?

A That's correct.

Q And is that a responsibility of your Department or is that a legislative determination as to whether or not that will be developed?

A Of course the mineral leases are issued by the Department of Mines and Minerals. The surface comes under the Department of Lands and Forests. It is a Government policy whether or not they permit development of the surface within the Wilmore Wilderness Park.

Q Have any proposals been made for the development of Wilmore Wilderness Park in such a way as to open it to the public from the Grande Cache area, for example?

A Proposals by who?

Q Within the Government.

A Well, I can state that the Government is continually re-examining the policy of development in that area.

Q By development I am assuming you mean tourist development?

A No. I was thinking of mineral development when I said that.

A (continued) There are no proposals that I know of for tourist development. Perhaps I could add a little more. There may be proposals being presented at these hearings, the Environment Conservation Hearings.

Q In the eastern slopes?

A Yes.

Q I take it your Department was also responsible for the transfer of lands to the native peoples in the area of Grande Cache?

A This is right.

Q And how many acres were involved in there?

A There were six native groups up there, and the Government negotiated, our Department negotiated with these people to give them areas of land that they might own, and since they didn't wish to have them in one block the grant was made in six different blocks, and there is a total of 4,150 acres in the six different blocks.

Q I take it if we assume some nominal value for the land, we can calculate the cost to your Department. What would the cost be to your Department of the land grants alone?

A We put a nominal value of, say, $20.00 an acre, which would mean you might say a capital allocation of $83,000.00 in land.

Q And the Government is also committed to survey the land so that titles can issue?

A Yes, the Department is required to survey the land. The estimated cost is $30,000.00, and in addition the Government is committed to supply a wire post and staples for fencing

A (continued) the perimeter of these areas, which would be granted to the Metis people. There is approximately 37 miles of fencing, and materials would cost approximately $18,000.00.

Q Now, this is also supplied through your Department?

A Yes, that's correct.

Q And when we take a nominal value of $20.00 per acre, that's strictly a nominal value. There is no way of establishing a value?

A That's right.

Q And you don't carry your land inventory at any particular cost?

A No.

Q Now, I assume that some of these land grants would have been made regardless of the development taking place now. At some point land grants would have been given.

A Well, they could have. These native people have been living in this area for one hundred years. They were originally living in the Jasper Park area, and they were relocated in this area by the Federal Government at the turn of the century. They have been living in this area without any specific land grant since that time.

Q I take it then that the development accelerated the land grant?

A That's correct.

Q Ultimately at some point something would have to be done to regularize their holdings?

A That could be, yes.

Q Was the impetus for doing it simply for the development of the Town and mine site?

A That's correct.

Q Your Department is responsible, as I indicated earlier, for Provincial Parks. And I take it you have established one at Pierre Gray Lake; is that right?

A No, we have not established any park there.

Q What has been there? Has there been some work done by your Department there?

MR. CRUMP: I think, Mr. Stevenson, this would be a good time time. We will adjourn for fifteen minutes.

[The hearing was adjourned at 10:55 A.M.]

(Hearing resumes.)

Q MR. STEVENSON: Dr. Wood, we are going to sort out this acreage charge that is made by the Department of Mines and Minerals for land leased by it. I understand that --

A --- Lands and Forests.

Q I understand that with respect to the site that is now the number 9 mine site area, that is still under negotiation?

A That is correct, yes.

Q Now your surface lease with McIntyre Porcupine for any of its operations starts off at $5.00 per acre?

A That is correct.

Q Per year?

A Yes.

Q And once an entry is made upon some portion of that land for the use of the surface, there is a single charge of $25.00 per acre?

A Yes.

Q And the rental for that area then becomes $20.00 per acre, per year?

A That is right.

Q And your reclamation allowances are in addition to that?

A That is correct.

Q Now at the conclusion, just before the adjournment, I was asking you about the establishment of a park site, I term it a park site, at Pierre Gray Lake or Lakes. I understand that what we have there is what we call a forestry campsite?

A That is right.

Q Developed by your department?

A Right.

Q Now, does your department undertake any study of tourist potential before deciding upon these kind of sites?

A Not necessarily tourist potential, they take a survey of the needs of the community. Usually tourist potential studies are done by the Department of Recreation and Tourism.

Q Your department doesn't normally undertake those kind of studies?

A Not for tourists, no.

Q And in this case you, in establishing this particular campsite, you would assume or determine the need for some facility in the area, is that right?

A This is right, yes.

Q And what area was this particular development to serve, which is quite near Grande Cache?

A Well, this is a, this area was to serve the people of the community plus the ones that go through the community which I think mainly so far are not tourists, although there could be tourists.

Q You don't assess any tourist potential at the moment in that area, in the Grande Cache area?

A I wouldn't really say no to that, there would be some, yes, but probably this would depend on the highway development.

Q Now you told us a little while ago about Willmore Wilderness Park, the fact that it was established under legislation. Does your department exercise control over Willmore

Q (Cont.) Wilderness Park?

A Yes.

Q Can trails be put into that park with or without your permission?

A No.

Q It would have to have your permission?

A Yes.

Q And does department policy permit that kind of development?

A We haven't done in this area, no.

Q Not yet?

A Not yet.

Q If someone wanted to establish campsites, it would have to be done through your department?

A Yes, although this is, it is not the policy to establish campsites in the area at the present time, that is permanent type campsites.

Q So that at the moment there is no development of any kind permitted in that park?

A That is right.

Q Would that be right?

A Yes, that is right.

Q And as far as we know, that is the plan, at least for the immediate future?

A I would say for the immediate future, yes.

Q And you wouldn't have done any study of the tourist or recreational potential of the park?

A We have not done any for tourism, no.

Q Have you done any study of the park potential?

A Well, we have done studies of the park, of the ... you might say an inventory of the area as to what resources are there, this has been done, yes.

Q Does that include mineral resources?

A That includes wildlife, timber, other recreation and also we know of course what mining claims have been made there.

Q But the present policy is no development?

A That is right.

Q And are there any projected facilities, as far as your department is concerned, for campsites or developments anywhere else in the Grande Cache area other than the Pierre Gray Lakes development that we have just talked about?

A On Grande Cache Lake, you know, which is just outside Grande Cache there is some potential there. Some of this land has been, some of the land on the lake has been allocated or in the process of being allocated to the native people and there is a potential for some recreational development there, this has not been finalized. Now this might even be done by the native people.

Q Would that again be to serve the community ---

A --- Oh yes.

Q --- As well as passersby?

A That is right.

Q Now your department maintains the forestry road from the muskeg area to Goodwin, is that right?

A That is right, yes.

Q And that is part of a link that runs along the eastern slopes

Q (Cont.) of the Rockies, is that correct?

A You mean that is the link? Yes, yes, that is right.

Q There is a forestry road pretty well all the way from the border up to Goodwin?

A That is right, yes.

Q And is the amount that is expanded for maintenance of that forestry road uniform throughout the length of it?

A Well yes, fairly well. We have an amount allocated each year for the development and upkeep of our forestry roads and then this is spent according to the need of the road, of the various roads.

Q Is there any attempt to give the forestry road from muskeg to Goodwin priority as compared with the other forestry roads?

A No, I would not think so.

Q Do you try to treat them all equally?

A Fairly well, according to the use that is being made of it.

Q Do you measure the use that is being made of them?

A Well, the policy of the government is forestry roads are built for forestry purposes and not, and not really built as communication for the general public. Now the general public are permitted and allowed to use them. Once they get up to a status where they are used mainly by the public, the policy is for highways to take them over and then to develop it as a highway.

Q In the case of the muskeg - Goodwin highway, can you tell me whether it is used more by the public or more by forestry, has it reached that status yet?

A Well, there have certainly been representations by the people

A (Cont.) of Grande Cache and by the City of Grande Prairie to have highways take it over, and I presume you are aware of that and whether it has come to that status, I really don't know. It is still used as a forestry road but there is quite a bit of, of other traffic on there.

Q Who makes the decision that it moves to highway?

A This is usually by the Highways Department, in negotiation with my department.

Q And usually based on the amount of use?

A Yes, that is right.

Q And when the road is still under maintenance by your department, is it actually maintained by your own forces as distinct from highway's forces?

A By our own forces, yes.

Q And do you have adequate forces in the area that we are talking about to maintain that road?

A Yes, to the standard for which we require it, yes.

Q That is the forestry standards?

A Yes.

Q And that is primarily as access?

A Yes, that is right.

Q You are not concerned about travel from Grande Cache to Grande Prairie, or anything like that, in your department?

A Not as a primary concern, no.

Q Access for what purposes, Doctor?

A Well, for forestry purposes, including fire protection and for access into timber area.

Q Has there been any increase in the amount allocated to that particular forestry road or to all the forestry roads in the last few years?

A Well, there would be to all forestry roads, yes, and not, usually not allocated directly to a particular road, it is a lump sum allocated for forestry road development and maintenance.

Q And is that particular road satisfactory for your department's purposes?

A Yes, I would think so, yes.

Q And maintained satisfactorily for your department's purposes?

A Yes.

MR. STEVENSON: Those are all the questions I have.

MR. CRUMP: Mr. Sabey, have you any questions of Dr. Wood?

MR. SABEY: Just one or two, Mr. Chairman.

MR. SABEY EXAMINES THE WITNESS:

Q Dr. Wood, you say the forestry road, I will deal with that matter, because we have just finished that, is for the purpose of your department and also for the lumbering industry did you say, or the forestry industry?

A Well, not, we don't build roads for a specific lumber industry. Lumber industries can use them, yes.

Q Yes.

A And sometimes we even build them jointly with them.

Q Yes.

A But it is primarily strictly for our own purpose.

Q And in point of fact this particular road that is going into Grande Cache is used by the lumbering industry or the pulp industry?

A By the pulp industry to a very limited degree, yes.

Q Sir, to go away back to your earlier evidence, you indicated that the reserves of timber or forest, and I don't know which expression I should use sir, east of Grande Cache would not support a pulp industry at Grande Cache?

A Well, perhaps we could explain at the present time the pulp industry usually considered to be economical, must have a mill of approximately five to 700 tons per day. As I understand, I don't think there is sufficient in that area to support that type of a mill.

Q There is not sufficient reserves of timber?

A Yes, to support that type of a mill.

Q I see. So with the existence of mills on either the north or the south extremity, it is no longer economically feasible to put a mill in that particular area?

A Well, it would be very questionable under the present technical knowledge that they have on it.

Q Now sir, in these hearings we have heard a good deal of evidence relating to tourism in the Grande Cache area, when you have alluded to it a little bit this morning, usually concerning the Willmore Wilderness area. Now sir, I don't want to restrict our considerations to just the Willmore Wilderness Park or area. Looking at the Grande Cache area in

Q (Cont.) general, which comes within your department, what is the feeling of your department about development of tourism in this area?

A Well, I suppose I would put it this way, that the policy of course of the Willmore which is separate ---

Q --- Yes sir.

A --- which certainly can be used by tourists except it is limited as a wilderness area, which means that they don't develop roads and this type of thing. The area, outside my own personal opinion, is that it is a very scenic area and would have potential for tourism providing you get proper access roads.

Q Now sir, ---

A --- But we have not made studies directly on our department.

Q I see, you have on the Willmore area?

A Well, not from a tourist standpoint.

Q I see. Now sir, you have, your department has made a decision that the Willmore area at present is not to be developed?

A That is correct.

Q But you have not made a similar decision on the remaining area around Grande Cache?

A No, there has been no decision ---

Q --- There has been no decision?

A No.

Q So your department is still open to that?

A That would be right, yes.

Q Now, is it fair for me to ask you if your department is favorably disposed of that type of consideration without having had the benefit of these studies, and if it is not, tell me and I will be satisfied?

A Well, I don't feel that there is any definite view, from my knowledge, one way or the other, we are certainly not opposed to any tourist development providing it fits in with the other resource development in the area.

Q Fine. Now sir, one last question. You say you have done a survey of the resources in the area?

A Of the Willmore area.

Q Oh, I see, have you done a survey of the resources outside the Willmore area?

A Well, we are continually doing, like timber surveys, are going on continually and wildlife surveys. We have done what we call a forest inventory of that area in depth which includes all of these other resources.

Q Including a wildlife survey you mentioned?

A A wildlife and the soil, what are the potential for the other resource development in the area.

Q Can you just tell me what the wildlife survey, for example, might include?

A Well, there are certain areas of it, for example certain areas of the Willmore Wilderness which are key sheep rangers and certainly the Willmore area has quite a wildlife potential and is being utilized for wildlife to a great degree.

Q But outside of the Willmore area, sir, what would be involved

Q (Cont.) in your wildlife survey or census, can you just tell me in broad terms?

A In broad terms, it has quite a wide potential and is being used, there is certainly a lot of hunting, a lot of guiding going on in the area.

Q So your department would be aware of the types and numbers of various animals?

A Yes.

Q That would be in the Grande Cache area?

A That is right.

Q And types of fish and types of plant?

A This is right, yes.

MR. SABEY: Thank you, Dr. Wood.

MR. CRUMP: Any further questions, Mr. Stevenson?

MR. STEVENSON: No sir.

MR. CRUMP: Mr. Patching, have you any questions of Dr. Wood?

MR. PATCHING EXAMINES THE WITNESS:

Q Perhaps I can ask you for a little more information about the forestry roads. Does your department maintain the forestry road from Kananaskis down to Coleman or from Nordegg to Ghost River, is that highways?

A From Kananaskis to Coleman, as you probably, part of that is being taken over by highways at the present time, approximately 15 miles. It was all built as a forestry road and it was maintained as a forestry road. Just recently part of that

A (Cont.) has been taken over by the Department of Highways and will be maintained and operated by them.

Q And the one from Nordegg to Ghost River?

A From Nordegg to Ghost River, it is a forestry road maintained by us in total.

Q Well, I have driven over these roads and they are in pretty good condition most of the time, but we were told that the forestry trunk road running north from Muskeg River is impassable much of the time and in very poor condition.

Now is there any reason why that road should be maintained at a poorer standard than the other sections of trunk road?

A Well, I am just informed that actually it is, the construction of the grade at the north end, they have been having problems with it, hasn't stood up as well as we had anticipated. The road does get a great deal of traffic over it and probably the maintenance, we have had difficulty I know in maintaining it and keeping it in a good state of repair partly because of the terrain and partly because of the road bed. There is no conscious efforts not to keep that up as good as the others.

Q Now it seems that perhaps we have got a chicken and egg problem here in that I understand that you maintain the road according to the usage, but the usage would certainly develop according to the maintenance on the road, would it not?

A Well, we maintain it according to usage and also according to the money allocated to maintain it, and he just informed me that he did, last year we had a, because of the very heavy

A (Cont.) rains, we did have a lot of problems and we ran out of money, so we maintained it to the best of our ability according to the money available for them.

Q It is your intention to maintain it then as a fairly passable road until the Highways Department can provide some other alternative road?

A I would think that is correct, yes.

Q Do you intend to keep it open in the winter?

A No, we don't intend to keep it open in the wintertime. We do, as I recall, maybe I can check this, we do some of the company's, we allow the companies to keep it open. They get permission to plow it out, and I think this was kept open last year, was it not? I am sorry, I don't, it seems to me that highway did keep this open last winter, but I am not just positive about that, I know there was requests on it.

Q Now from the highway's map I see that there is a trail, I suppose you would say going south from Grovedale to a campsite on the Cutbank River. Are there trails further south from this Cutbank location that could connect through to the Smoky River area?

A He informs me that both Proctor Gamble and North Canadian, that is the North Canadian Lumber Company, have roads down through there, and maybe those are the roads that you are referring to, those are for their own, they have like license of occupation from our department to operate roads in those areas.

Q This is a trail shown on the Provincial Highway's map, so it

Q (Cont.) must be available for the public then, would that be right?

A Well, even license of occupation which are issued in the name of a company like Proctor and Gamble are open and are available for use of the public, not for commercial, but for use of the public, so that could be that. I am not, I don't really know this particular one, I really don't know this particular one, I could find out for you though.
Where was that again, sir?

Q Coming down to a campsite on the Cutbank River.

A They inform me that they, they understand it is a private road but it would be open for public use by Imperial Lumber and North Canadian, that is what they, they think that is right.

Q And do you know if there are any roads or trails of this nature extending southward from there to connect with the Smoky River then?

A He informs me that Proctor and Gamble have constructed a road a little higher grade next to this that goes down to the Kakwa River, almost to the Kakwa River. Proctor and Gamble are building, for their own use of course, several roads and they build these to a fairly high standard because they use fairly large trucks to haul their lumber.

Q Do you think there would be any likelihood of these roads being developed then for tourist access through that area and on into Grande Cache?

A Do you mean given up by the Government sir?

Q Either by the Government or by the pulp companies or the Forestry Department?

A Yes, there could be. The pulp companies do allow, of course under their license, they do allow public usage and in some cases they are encouraged to even provide campsites in the area in which they have their timber reserves, so there is a possibility, yes.

Q Well then the task of opening up tourist routes through that area would not involve a great deal of extra roadwork as long as a very high standard was not required I suppose?

A I think that would be correct, I would, I suppose we should point out that on some of these roads that are built by North Canadian and by Proctor Gamble, they have very large trucks and which, and these are gravel roads, sometimes they are dangerous and not conducive to, to car travel.

Q Would your department be favourable to the development of roads to connect this area?

A Well, that's a policy decision that I personally would not be disfavourable towards but it would be certainly a budgetary decision by the department and certainly could be considered all right.

MR. PATCHING: I think those are all my questions, sir.

MR. CRUMP: Mr. Graham, do you have any questions of the witness?

MR. GRAHAM EXAMINES THE WITNESS:

Q Yes. Dr. Wood, there is just one question I would like to ask and that is that in the Willmore Park, the lease for mining is granted, does that mean then that no mining would be allowed if no development takes place?

A Well, under the Act it doesn't prohibit it. Under the present policy they are not permitting it. Is that clear?

Q Yes. But has the Department of Mines and Minerals the authority then to override the Forestry Branch when it comes to developing mines in that area?

A Well, this is really - let's put it this way: the Act doesn't prohibit the development. It's a cabinet decision not to permit development so it isn't a matter of one department overriding another. This is a cabinet decision.

Q So it could be a cabinet decision to allow as well --

A -- yes, it could be. That's correct.

MR. GRAHAM: That's the only question I have. Thank you.

MR. CRUMP EXAMINES THE WITNESS:

Q Well, Dr. Wood, I have only a few: one Mr. Graham just asked. I take it then - I was going to ask if McIntyre Porcupine have leases in Willmore Wilderness Park. I was going to ask what the procedure would be if they wanted to exercise those leases but your answer to Mr. Graham would indicate that the leases to all effect are nullified by cabinet action at the present time?

A The development would be nullified, that's correct, yes.

Q I see. Let us suppose then that the cabinet should decide to open that area for development. We have evidence before us of the leases granted by the Department of Mines. What jurisdiction would your department assume if those leases were going to be exercised?

A Well, our department would have control of the surface and we would negotiate with them for a surface lease to operate a mine if this was the decision of the cabinet to open it up for this purpose.

Q You would negotiate with the company?

A Yes.

Q I see.

A The company would come and apply to us for a mine site.

Q Because I have a note here - the transcript will be more accurate but my note here is to the effect that you said,

Q (Cont'd.) tourist development must fit in with resources development?

A Well, what I meant by that was, as you probably realize, the area can be utilized for many different purposes: one would be - and the two are not necessarily completely incompatible but if you develop a large mine, say surface mining, that particular area is not conducive to tourists. What I meant was that then it has to be a decision of how to use the resource, how you wanted to use it.

Q You use the term "resource" in the broad sense?

A Yes, in the broad sense, that's right.

Q I was interested in the forestry development in that area. Generally, as I understand it, Proctor & Gamble operate to the north of the Grande Cache area and northwest to the south and that the area is some 2,000 square miles that is not under reservation is generally east of Grande Cache?

A That's correct.

Q Does that extend as far east as the area around Whitecourt where an economic study was made by a forest industry company not long ago for pulp development?

A Well, the Whitecourt area is a separate area. It extends over to that area. If you like, sir, we could show you on the map exactly how this is.

Q When you say the "Whitecourt area" is a separate area, that is within Department of Forests demarcation?

A Yes. We have it allocated into what we call forestry units

A (Cont'd.) and the Whitecourt area generally goes over to the Athabasca River.

Q Oh, yes, I have it.

A And the area west of that would be this 2,000 square miles that we're talking about and it would be up to the North West Pulp and Power which is Township 55. I don't know whether that's marked on your map but up to about Township 55 and it's south of Township 60 on the north.

Q I see.

A I can leave this map with you if you like, sir.

Q As long as Commission and Counsel understand what the limits are, why, that's satisfactory to me.

Several months ago, I read a brief that was submitted to your department by the Kakwaa Logging Company, I believe. The essence of it was that their lease was expiring or the lease of McIntyre, to be more correctly, because I understand the leases are in the name of McIntyre and that Kakwaa was a subcontractor as it were?

A Yes, that's true.

Q That the lease was expiring, the date has slipped my mind at the moment but it runs in my memory that the date of the brief, that the brief was submitted to your department early in February or, perhaps February the 8th and that their logging operations had to cease by the middle of April. I would assume that this suggestion is one that is under consideration by your department now and the consultant you have hired to

Q (Cont'd.) do some work in that area?

A Yes. Well, with the Kakwaa Logging, they have been given through McIntyre, we have extended their license for one year. In other words we have allowed them to carry on for one more year. They hav been offered an extension for one year and they have also been, discussed with them the possibility of making another area available to them or another area available for them to apply for along with anybody else in addition to that. This is under negotiation right now. They are still carrying on at the present time, manufacturing the lumber which they cut last winter.

Q I'm glad to have that information because there was some uncertainty as to the future of that particular operation and as you know, it employs a fair number of native people?

A Yes.

Q And this is consequently very important in that area. One of the witnesses before us in Grande Cache had said that they were living off inventory at the moment which would be correct, I take it?

A That's correct.

Q I have not walked over the Kakwaa Logging area but I have flown over it at fairly low altitudes and it brought to mind a question that I would like cleared up. What is the policy of your department in regard to reforestation or perpetual cutting? I should warn you, Dr. Wood, that I am a native British Columbian where lumbering is a major industry and where

Q (Cont'd.) the control on lumbering companies or pulp and paper companies are very severe and I wondered if you had a policy of reforestation and perpetual cutting, depending upon the circumstances?

A Yes. The department does have a policy on that and each operator is required to reforest himself or to pay $2.00 a thousand into the Government or into the Department which we will then carry out the reforestation. This is a general policy throughout all timber dispositions.

Q On the reforestation, again referring to some operations in British Columbia, would you employ a fair number of the native people for that?

A Yes, they do employ - we do have quite a fairly extensive reforestation program and I would suspect that we employ most - well, many native people for this depending on the location and circumstances.

Q Well that $2,000.00 deposit I would take it then is similar to what the mining companies would make for deposits for surface damage?

A That's right.

Q Then you don't draw any distinction between pulp and paper companies or lumber operations and strip mining operations and restoring of the environment?

A No. Maybe I should correct one thing - when I said, not $2,000.00, $2.00 per thousand board feet cut. Did I --. No, we require any operator who uses the surface, are required

A (Cont'd.) to do reclaimation work according to what type of destruction they carry out.

Q Well, this small operation of the Kakwaa, which was originally set up, as I understand it, to supply pit props and small timbers because they must necessarily be small because the timber is very small, to McIntyre, could forseeably operate for another year then?

A Yes.

Q Under the conditions which it has been operating in the past or which were proposed for the new operation at Suza Creek?

A No, under the conditions which they have operated in the past, they can operate one more year and then we have, negotiating with them or have proposed to them that we could make another area available - not, about five miles away I think, from their present location. This could be made available to them under the present policy which would be that it would be opened up for bid, really, for any other person to apply and bid on it.

MR. CRUMP: I see. Mr. Patching, did you say you had another question?

MR. PATCHING FURTHER EXAMINES THE WITNESS:

Q Can you tell me, Dr. Wood, who monitors the surface restoration and environmental controls of the McIntyre operation, is it your department or the Department of the Environment?

A I think mostly our department. Mind you, the Energy Resources Conservation Board also monitor as far as the mining

A (Cont'd.) operations, you know, the physical mine operations. Our department is the one that monitors mostly, although this is in combination with the Department of Environment. We have the people on the site. They also send us specialists for The Clean Water and The Clean Air Act. It's done mostly through our department.

Q Well, is the mine responsible to your department for all the environmental controls or is this responsibility distributed between several departments?

A Well, it's mainly through our - you see, it's through our department that we issue a surface lease for example, which says you must comply with The Clean Water Act, The Clean Air Act and these other environmental acts. So that while we issue the documents, this makes them subject to these other requirements, but most of the monitoring is done by our department.

Q And are these controls considered to be adequate at the present time?

A Well, yes, yes. We haven't - this hasn't been finalized exactly what all the controls are going to be there and this is why it's a little hard to give you a right, direct answer. We are presenting all of the environmental considerations which we feel have to be taken care of and this is being negotiated with them now.

Q With the company or with the Department of the Environment?

A Oh, with the company. We have, in the Government we have a

A (Cont'd.) committee set up, members of the Department of Environment and members of our own department and one or two others - Mr. Markovich is chairman of that committee and they meet, they meet with the company and work out these environmental considerations and we put forth what we consider is required and then they advise how they can meet those requirements. This is the way it's carried out.

Q Are there any economic considerations made?

A Yes, this is very true. There are, yes. This is where the negotiation, this is where negotiation has to enter into. In other words, I presume you could say that there is never 100% reclamation.

Q What are your objectives in setting these reclamation controls, to prevent damage of the property or to try to restore the area to its original appearance or to the equivalent?

A Well, to, trying to restore it to - first of all, that it will not cause any problems of pollution, you might say, off the property. For example, polluting the streams is a very good example. It will not cause erosion problems. They want to restore the area as near as they can to the original or to something acceptable to the original.

Q On another track, are the campsites along the forestry trunk roads, constructed by your department?

A Yes, by the forestry division. I might explain, in the department we have the Parks Division where major provincial

A (Cont'd.) parks are established under the Parks Division in the forest areas, because we have forestry personnel out there and we do develop campsites in those areas which are under the Forestry Division; that's just another division of the same department.

Q You have a string of very nice campsites along the main forestry trunk road running south from, especially from Nordegg. I notice a few of them are marked on the map north of Hinton but comparatively few. I wonder if it's your policy to increase the number of these campsites?

A Yes. We have, each year we try to ascertain where the need is most for them and then we develop them according to what we consider the need for those campsites.

MR. PATCHING: That's all. Thank you.

MR. CRUMP: Well, thank you, Dr. Wood. I should say that with three concurrent commissions sitting at the moment in Alberta, hearing sessions which to some degree overlap and in fact to a very large degree, overlap, it's difficult to keep these matters straightened out. And from the number of briefs that I have seen to date in this commission and multiply that by three, I would think perhaps there will be room for further pulp and paper development. As you will have seen, ours is a somewhat different commission in that it's established under the Public Inquiries Act and to a very large degree, is a fact finding commission although we do not abide strictly by the rules of evidence and do allow

MR. CRUMP: (Cont'd.) some hearsay evidence. However, I don't think we have quite come to the stage as some commissions that I have been connected with, where it is said that the witnesses argue and counsel testify but if we do have them breaking in, it's in the hope of arriving at as much factual information as possible.

Thank you very much for coming. You may stand down.

(The witness retires.)

MR. STEVENSON: That's the last witness, sir. The Department of Health were to appear today but they, but the trickle of information through their computer hasn't been quite as effective as they thought.

MR. CRUMP: Thank you, Mr. Stevenson. Then we will adjourn until 9:30 tomorrow morning.